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Lincoln County Telephone Sys, Inc.

FCC 481

(510) Service Quality Standards & Consumer Protection Rules Compliance

Voice

Consumer Protection

Lincoln County Telephone Sys, Inc. complies with the requirements of 47 CFR Part 64 Subpart U, Customer Proprietary Network Information and the Federal Trade Commission Red Flag rules to prevent identity theft. A manual for each of those programs is in place and is part of the employees' handbook. Employee training is conducted annually and new hires are instructed on the programs as required by their job functions.

Service Quality Standards

There is no service standard established by the Public Utilities Commission of Nevada. **Lincoln County Telephone Sys, Inc.** is committed to providing the highest quality service to its subscribers.

Lincoln County Telephone Sys, Inc.
FCC 481

(600) Functionality in Emergency Situations

Back-up Power

Lincoln County Telephone System, Inc. has the following back-up power capabilities:

<u>Central Office</u>	<u>Switch</u>	<u>Battery Life</u>	<u>Generator</u>	<u>Fuel Type</u>	<u>Fuel Capacity</u>
Lake Valley	Remote	8 Hours	Fixed	Propane	500 Gallons
Pioche	Host	8 Hours	Fixed	Diesel	200 Gallons
Panaca	Remote	8 Hours	Fixed	Diesel	500 Gallons
Caliente	Remote	8 Hours	Fixed	Diesel	500 Gallons
Alamo	Remote	8 Hours	Fixed	Diesel	100 Gallons
Sand Springs	Remote	8 Hours	Fixed	Propane	500 Gallons

Subscriber carrier:

RSC/48	8 Hours	Portable	Diesel	100 Gallons
RSC/120	8 Hours	Portable	Diesel	100 Gallons
SIERRA200	8 Hours	Portable	Diesel	100 Gallons

Network Interface Devices (NIDs)

Lincoln County Telephone System, Inc. has 2,105 customers with metallic (copper) connections to the Central Office and their NIDs are powered from the Central Office.

Lincoln County Telephone System, Inc. has 38 customers with non-metallic (fiber optic) connections to the Central Office. These customers' NIDs are battery powered in case of emergency. The batteries are rated to last 8 hours with no use and 4 hours with constant use.

Ability to reroute traffic around damaged facilities:

Lincoln County Telephone System, Inc. has two middle mile connection points one with AT&T Nevada (established 1966) and the other with Moapa Valley Telephone (established 1996). These fiber facilities are used to transport Voice and Data from our service area to the world. The Voice and Data network used to transport traffic within our service area utilizes fiber to connect the Pioche, Panaca, Caliente, Alamo and the Coyote Springs exchanges. The Sand Springs and Lake Valley exchanges are connected by digital microwave. Because there are less than 50 customers in these two exchanges no redundant facilities are planned. Currently copper cable facilities between Pioche, Panaca and Caliente provide redundant T1's for the Voice network. In 2014 a new fiber route between Panaca and Caliente was built and provides redundant voice and data interexchange services. Future plans include a SONET ring from our Caliente office that would connect to the Alamo central office via Coyote Springs providing redundant capacity between our exchanges and out to the world.

Lincoln County Telephone Sys, Inc.

(600) Functionality in Emergency Situations

Capability to manage traffic spikes resulting from emergency situations

Lincoln County Telephone System, Inc. has 2,143 customers, switching capacity of 40,000 simultaneous calls, and transport capacity for 192 simultaneous calls. In an emergency an additional transport capacity of 672 simultaneous calls could be installed. Lincoln County Telephone System, Inc. takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations.

Lincoln County Telephone System, Inc.
P.O. Box 150
Pioche, Nevada 89043

2nd Revised P.U.C.N. Sheet No. 97
Canceling 1st Revised P.U.C.N. Sheet No. 97

Tariff No. 1A

SCHEDULE NO. A-3

LIFELINE SERVICE

A. Description

Applicable to qualifying low-income, one-party residence customers of the Utility who meet the eligibility criteria established by the Federal Communications Commission's Rule 54.409(b).

B. Conditions

1. An applicant must meet all of the following criteria in order to be eligible for Lifeline Service:

a. The customer's total household gross income does not exceed 150% of the federally established poverty levels set forth for the number of persons in that customer's household as updated. The applicant must provide documentation of income, or that a member of the household receives, or is eligible to receive, benefits from a public program.

b. The customer must provide documentation which demonstrates the total household gross income of the applicant includes:

- (1) Most recent federal or tribal tax return; or
- (2) Three consecutive months of all income statements for applicant's household within the same calendar year. Such income statements include all forms of income pursuant to 47 C.F.R. 54.400(f); or
- (3) Documentation which proves that the customer receives benefit from one or more of the eligible public programs listed below.

c. Eligible public programs include one or more of the following programs:

- (1) Medicaid;
- (2) Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps; (T)
- (3) Supplemental Security Income;
- (4) Federal Public Housing Assistance;
- (5) Low-Income Home Energy Assistance Program;
- (6) Temporary Assistance to Needy Families; or
- (7) National School Lunch Free Lunch Program.

Issued: October 1, 2010

Issued By:

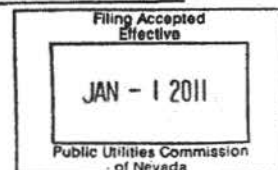
Effective: January 1, 2011

John W. Christian III

Advice No.: 8

President

fcg



Tariff No. 1A

SCHEDULE NO. A-3

LIFELINE SERVICE

B. Conditions – (Cont'd)

1. (Cont'd)

- d. The customer must sign, under penalty of perjury, a document certifying the following before the customer can receive Lifeline Service:
 - (1) The customer meets the criteria in B.1.a., b., and c., above.
 - (2) That the customer will notify the Utility when they no longer participate in the program or programs.
- e. The residence premises at which the residence service is requested is the applicant's principal place of residence.
- f. There is only one telephone line serving the residence premises. The residence premises household (dwelling unit) shall consist of that portion of an individual house or building or one flat or apartment occupied by a single family or individuals functioning as one domestic establishment.
- 2. Lifeline Service will not be furnished on a Foreign Exchange basis.
- 3. A customer who is eligible for the lifeline program, but has unpaid toll charges, shall be enrolled if the customer agrees to toll blocking and to set up a payment arrangement for the unpaid toll balance. To reestablish toll service, the customer must pay any outstanding toll bill in full. (C)
- 4. Toll blocking will be available at no charge. If the customer chooses toll blocking the Utility will not charge a deposit.
- 5. (D)
- 6. The FCC End User Common Line Charge does not apply.
- 7. This service is also offered in compliance with NAC 704.680474.
- 8. In order to verify a customer's continued eligibility through income documentation, the Utility shall contact those customers on an annual basis to determine whether or not the customers are still eligible to receive Lifeline services. All customers that do not provide documentation pursuant to Conditions B.1. demonstrating their continued eligibility within 60 days will have their telephone service switched to the full rate. (C)

Issued: March 2, 2012

Issued By:

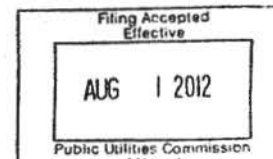
Effective:

John W. Christian III

Advice No.: 11

President

ncg



Tariff No. 1A

SCHEDULE NO. A-3

LIFELINE SERVICE

B. Conditions – (Cont'd)

9. In order to verify a customer's continued eligibility through the public program participation, the Utility shall review the list of customers provided by the Department of Human Resources who are eligible to receive Lifeline services. Each carrier shall contact those customers no longer appearing on the list to determine whether or not the customers are still eligible to receive Lifeline services. All customers that do not provide documentation pursuant to Conditions B.1. demonstrating their continued eligibility within 60 days will have their telephone service switched to the full rate. (C)

C. Rates

- | | Rate Per
Month | |
|---|-------------------|-----|
| 1. Federal and State Lifeline Credits for a One-Party Line: * | | (T) |
| a. Federal Lifeline Support Credit | \$9.25 | (C) |
| (includes Federal End User Common Line Credit | | (C) |
| of \$6.50 and remainder \$2.75 credit covers basic service) | | |
| b. State Lifeline Support Credit | 3.50 | (D) |
| 2. Federal End User Common Line Charge | No Charge | (T) |
| (This charge is waived to qualified customers) | | (D) |

- * The following services are included: (T)

One party, voice grade access to the public switched network; a standard white page listing, access to emergency services (e.g., 911, E911), touch calling, access to operator services, access to interexchange services, unless toll blocking is provided; access to directory assistance; and Toll blocking.

Issued: March 2, 2012

Issued By:

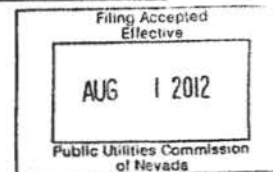
Effective:

John W. Christian III

Advice No.: 11

President

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54.313 Lifeline Customers MOU and Additional Toll Charges

Lifeline subscribers receive the same residential service as a regular subscriber, but at a reduced monthly recurring rate. Thus, lifeline subscribers have an unlimited number of local calling minutes. As for toll, lifeline subscribers, similar to every LCTS subscriber, are free to choose their own toll usage plans through IXC's that serve LCTS.

Attachment for Line 3010

Date: June 10, 2015

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
9300 East Hampton Drive
Capitol Heights, MD 20743

**Re: WC Docket No. 14-58, 2015 Annual Report, Form 481 for High-Cost Recipient
54.313(f)(1) "Milestone Certification"**

Dear MSA Dortch:

In compliance with the filing requirements associated with, and attached to Form 481, we wish to advise the Commission that Lincoln County Telephone Sys, Inc. (SAC 552351) provides High Speed Internet service to its customers and:

- Has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of 4 Mbps downstream/1 Mbps upstream;
- Provides latency suitable for real-time applications including VoIP and usage capacity which is reasonably comparable to those in urban areas and;
- That reasonable requests for service are met within a reasonable timeframe.

If there are questions, I may be contacted at 775-962-5131.

Sincerely,

John W Christian
President

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i> BORROWER NAME Lincoln County Telephone System, Inc. (Prepared with Audited Data)	
INSTRUCTIONS- Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.		PERIOD ENDING December, 2014	BORROWER DESIGNATION NV0501
CERTIFICATION We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief. ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES. DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII (Check one of the following)			
<input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.		<input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report	
John Christian		3/12/2015 DATE	
PART A. BALANCE SHEET			
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY
CURRENT ASSETS			CURRENT LIABILITIES
1. Cash and Equivalents			25. Accounts Payable
2. Cash-RUS Construction Fund			26. Notes Payable
3. Affiliates:			27. Advance Billings and Payments
a. Telecom, Accounts Receivable			28. Customer Deposits
b. Other Accounts Receivable			29. Current Mat. L/T Debt
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.
4. Non-Affiliates:			31. Current Mat.-Capital Leases
a. Telecom, Accounts Receivable			32. Income Taxes Accrued
b. Other Accounts Receivable			33. Other Taxes Accrued
c. Notes Receivable			34. Other Current Liabilities
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)
6. Material-Regulated			LONG-TERM DEBT
7. Material-Nonregulated			36. Funded Debt-RUS Notes
8. Prepayments			37. Funded Debt-RTB Notes
9. Other Current Assets			38. Funded Debt-FFB Notes
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt
a. Rural Development			42. Reacquired Debt
b. Nonrural Development			43. Obligations Under Capital Lease
12. Other Investments			44. Adv. From Affiliated Companies
a. Rural Development			45. Other Long-Term Debt
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS
14. Other Noncurrent Assets			47. Other Long-Term Liabilities
15. Deferred Charges			48. Other Deferred Credits
16. Jurisdictional Differences			49. Other Jurisdictional Differences
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)
PLANT, PROPERTY, AND EQUIPMENT			EQUITY
18. Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed
19. Property Held for Future Use			52. Additional Paid-in-Capital
20. Plant Under Construction			53. Treasury Stock
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates
22. Less Accumulated Depreciation			55. Other Capital
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins
			58. Total Equity (51 thru 57)
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)

Total Equity = 73.15% of Total Assets

Page 1 of 6

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USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		NV0501	
		PERIOD ENDING	
INSTRUCTIONS- See RUS Bulletin 1744-2		December, 2014	
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS			
ITEM	PRIOR YEAR	THIS YEAR	
1. Local Network Services Revenues			
2. Network Access Services Revenues			
3. Long Distance Network Services Revenues			
4. Carrier Billing and Collection Revenues			
5. Miscellaneous Revenues			
6. Uncollectible Revenues			
7. Net Operating Revenues (1 thru 5 less 6)			
8. Plant Specific Operations Expense			
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)			
10. Depreciation Expense			
11. Amortization Expense			
12. Customer Operations Expense			
13. Corporate Operations Expense			
14. Total Operating Expenses (8 thru 13)			
15. Operating Income or Margins (7 less 14)			
16. Other Operating Income and Expenses			
17. State and Local Taxes			
18. Federal Income Taxes			
19. Other Taxes			
20. Total Operating Taxes (17+18+19)			
21. Net Operating Income or Margins (15+16-20)			
22. Interest on Funded Debt			
23. Interest Expense - Capital Leases			
24. Other Interest Expense			
25. Allowance for Funds Used During Construction			
26. Total Fixed Charges (22+23+24-25)			
27. Nonoperating Net Income			
28. Extraordinary Items			
29. Jurisdictional Differences			
30. Nonregulated Net Income			
31. Total Net Income or Margins (21+27+28+29+30-26)			
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year		1	
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital			
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		1	
40. Patronage Capital Beginning-of-Year			
41. Transfers to Patronage Capital			
42. Patronage Capital Credits Retired			
43. Patronage Capital End-of-Year (40+41-42)			
44. Annual Debt Service Payments			
45. Cash Ratio [(14+20-10-11) / 7]			
46. Operating Accrual Ratio [(14+20+26) / 7]			
47. TIER [(31+26) / 26]			
48. DSCR [(31+26+10+11) / 44]			

USDA-RUS		BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		NV0501
INSTRUCTIONS – See help in the online application.		PERIOD ENDED December, 2014
PART I – STATEMENT OF CASH FLOWS		
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		
CASH FLOWS FROM OPERATING ACTIVITIES		
2. Net Income		
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3. Add: Depreciation		
4. Add: Amortization		
5. Other (Explain)		
<i>Changes in Operating Assets and Liabilities</i>		
6. Decrease/(Increase) in Accounts Receivable		
7. Decrease/(Increase) in Materials and Inventory		
8. Decrease/(Increase) in Prepayments and Deferred Charges		
9. Decrease/(Increase) in Other Current Assets		
10. Increase/(Decrease) in Accounts Payable		
11. Increase/(Decrease) in Advance Billings & Payments		
12. Increase/(Decrease) in Other Current Liabilities		
13. Net Cash Provided/(Used) by Operations		
CASH FLOWS FROM FINANCING ACTIVITIES		
14. Decrease/(Increase) in Notes Receivable		
15. Increase/(Decrease) in Notes Payable		
16. Increase/(Decrease) in Customer Deposits		
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		
20. Less: Payment of Dividends		
21. Less: Patronage Capital Credits Retired		
22. Other (Explain)		
23. Net Cash Provided/(Used) by Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
24. Net Capital Expenditures (Property, Plant & Equipment)		
25. Other Long-Term Investments		
26. Other Noncurrent Assets & Jurisdictional Differences		
27. Other (Explain) PP&E Retirements		
28. Net Cash Provided/(Used) by Investing Activities		
29. Net Increase/(Decrease) in Cash		
30. Ending Cash		

Revision Date 2010

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ASPECTS OF CONTRACTUAL AGREEMENTS AND REGULATORY REQUIREMENTS FOR TELECOMMUNICATIONS BORROWERS

To the Board of Directors
Lincoln County Telephone System, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lincoln County Telephone System, Inc., which comprise the balance sheet as of December 31, 2014, and the related statements of income and retained earnings and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2015. In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2015, on our consideration of Lincoln County Telephone System, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. No reports other than the reports referred to above and our schedule of findings and recommendations related to our audit have been furnished to management.

In connection with our audit, nothing came to our attention that caused us to believe that Lincoln County Telephone System, Inc. failed to comply with the terms, covenants, provisions, or conditions on its loan, grant, and security instruments as set forth in 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service Borrowers*, §1773.33 and clarified in the RUS policy memorandum dated February 7, 2014, insofar as they relate to accounting matters as enumerated below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Lincoln County Telephone System, Inc.'s noncompliance with the above referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. In connection with our audit, we noted no matters regarding Lincoln County Telephone System, Inc.'s accounting and records to indicate that Lincoln County Telephone System, Inc. did not:

- Maintain adequate and effective accounting procedures;
- Utilize adequate and fair methods for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts;

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ASPECTS OF CONTRACTUAL
AGREEMENTS AND REGULATORY REQUIREMENTS FOR TELECOMMUNICATIONS BORROWERS
(continued)**

- Reconcile continuing property records to the controlling general ledger plant accounts;
- Clear construction accounts and accrue depreciation on completed construction;
- Record and properly price the retirement of plant;
- Seek approval for the sale, lease, or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;
- Maintain adequate control over materials and supplies;
- Prepare accurate and timely financial and operating reports;
- Obtain written RUS approval to enter into any contract, agreement, or lease with an affiliate;
- Disclose material related party transactions in the financial statements, in accordance with requirements for related parties in generally accepted accounting principles;
- Comply with the requirements for the detailed schedule of investments.

This report is intended solely for the information and use of the board of directors, management, and the RUS and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Mass Adams CP

Stockton, California
March 3, 2015